

DRAFT

U.S. EPA Region 9

**End of Year Report
for
Hawai'i Department of Health Water Programs**

Federal Fiscal Year 2021
October 1, 2020 to September 30, 2021

November 2021

Table of Contents

[TOC \o "1-3" \h \z \u]

I. Background

This End of Year Performance Assessment, prepared by EPA Region 9, addresses all currently open Hawai'i Department of Health (HDOH) funding agreements under the Clean Water Act (CWA) and Safe Drinking Water Act (SDWA). This document summarizes EPA's assessment of HDOH performance under financial assistance agreements in Federal Fiscal Year (FFY) 2021 (i.e., October 1, 2020 to September 30, 2021). Programmatic end-of-year grant performance discussions between EPA and HDOH were conducted in November 2021. EPA evaluated program performance, progress in meeting workplan commitments, and financial performance. This report is provided to HDOH to inform end-of-year management level discussions on December 9, 2021. HDOH written comments and responses to the report will be added after the meetings in an appendix.

A. Water Program Funding

In FFY 2021, EPA provided HDOH over \$28.9 million in federal funds to implement CWA and SDWA programs. This includes over \$3.8 million in CWA 106, CWA 406 BEACH, CWA 604(b), CWA 319, and multipurpose grants and \$484,000 million in Potable Water Systems Supervision (PWSS) Grants. This funding also includes \$12.3 million and \$11 million in Clean Water and Drinking Water State Revolving Fund (SRF) infrastructure funding. Specific grant amounts are below.

FFY21 funding amounts:

- Clean Water Act funding: \$16,355,292
 - CWA Section 106 (including Monitoring Initiative): \$2,266,589
 - Clean Water State Revolving Fund: \$12,308,000
 - CWA BEACH Grant: \$313,207
 - CWA 604(b) Grant: \$124,000
 - CWA 319 Grant: \$1,265,000
 - Multipurpose Grant (PFAS in wastewater, biosolids, landfill leachate): \$78,496
- Safe Drinking Water Act funding: \$11,717,000
 - PWSS Grant: \$484,000
 - Drinking Water State Revolving Fund: \$11,011,000
 - WIIN Act, Lead Testing in School and Child Care Program Grant: \$222,000 (FFY18/19: \$134,000; FFY20 \$88,000)

B. Administration of Water Programs

Water programs are in the Environmental Management Division (EMD) within the Environmental Health Administration, HDOH. The water programs are divided into three branches in EMD: the Clean Water Branch, the Safe Drinking Water Branch, and the Wastewater Branch.

II. Clean Water Act Enforcement and Compliance

HDOH's Enforcement Section, within the Clean Water Branch, inspects, tracks, and enforces compliance for NPDES permits under Section 402 of the CWA in Hawai'i.

Program Performance

HDOH has successfully implemented all enforcement program goals for FFY2021. HDOH has met or exceeded their Comprehensive Monitoring Strategy (CMS) inspection commitments for industrial stormwater, construction stormwater, MS4s, and individual major and non-major facilities. EPA R9 has approved HDOH's proposal for an alternative CMS, which EPA's Office of Enforcement and Compliance Assurance approved for implementation beginning in 2021.

HDOH issued 26 formal enforcement actions and assessed \$107,100 in penalties. HDOH has achieved Significant Non-Compliance (SNC) rate at 0%.

HDOH and EPA continue to coordinate well on database issues, enforcement priorities, and inspection targets.

Although data cleanup has made the permit universe in EPA's Integrated Compliance Information System (ICIS) more reliable, data issues remain a concern. Data synchronization of ICIS and Water Pollution Control database is still a manual effort. Information which may interfere with data flow are segregated and requires reconciliation. Transaction logs are not being reviewed regularly to ensure data is flowing successfully into ICIS. Data quality needs to be revisited to make sure inspection and enforcement numbers are accurate. Implementation to meet the e-Rule Phase II reporting requirement is also uncertain. HDOH should clarify its plans and timeline to address these concerns.

Financial Performance

HDOH utilized in-kind contract support but has transitioned to managing their own contract with grant funds, starting implementation in late FFY2020 under a Master Contract. No financial performance issues have been identified.

III. Surface Water

A. CWA Section 106 Grant

This financial analysis covers the CWA Section 106 grant awarded to Hawai'i to establish and implement ongoing water pollution control programs. CWA 106 funds support HDOH's National Pollutant Discharge Elimination System (NPDES) Permitting, Surface Water Monitoring and Analysis, and Surface Water Pollution Enforcement programs. EPA and Hawai'i have negotiated a 5-year workplan for the 106 grant, with the work funded in yearly increments. EPA's expectation is that Hawai'i timely spends the yearly increments of grant funding during the 5-year performance period.

The fiscal year project period (i.e., October 1, 2020 to September 30, 2021) was the second year of HDOH's five-year CWA 106 grant. See table below.

EPA Grant #	FFY Funds ¹	FFY Project Period (Workplan)		Award Amount	ULO as of Oct 1, 2021	% ULO	NOTES
I-00915020	FFY2019	10/01/19	09/30/20	\$1,827,000	\$0	0%	1 st yr of 5-yr grant period (10/01/19 to 9/30/24)
I-00915020-1	FFY2020 ¹	10/01/20	09/30/21	\$2,012,000	\$408,157 ²	20%	2 nd yr of 5-yr grant period
I-00915020-2	FFY2021 ¹	10/01/21	09/30/22	\$2,098,000	NEW ³	NEW ³	3 rd yr 5-yr grant period \$ 1,977,783 (FFY21 \$) and \$120,217 (FFY20 \$)
TOTAL				\$5,937,000	\$408,157	20%	5-yr Total: \$12,736,655

¹ FFY funds are used for the next year's workplan (i.e., FFY20 money funds the FFY21 workplan). Grant awards include groundwater funding. The FFY2020 funds (i.e., FFY21 workplan) included \$184,300 for groundwater funding. (The FFY21 funds for the FFY22 workplan includes \$175,700 for groundwater funding).

² Last draw-down during the project period was on September 29, 2021. As of November 15, 2021, the remaining ULO is \$65,573 (or 3%).

³ EPA awarded the grant on 9/13/2021.

Program Performance

The program evaluations for NPDES Permitting, Surface Water Monitoring and Analysis (including Water Quality (WQ) Assessments, WQ Standards, and Total Maximum Daily Load (TMDLs programs), and Surface Water Pollution Enforcement are separate from this Fiscal Performance evaluation section.

Financial Performance

In general, HDOH drew down funds monthly and commensurate with workplan commitments. However, at the end of the evaluation period (i.e., as of October 1, 2021), there was an unliquidated obligation (ULO) of \$408,157 or 20% of funds. End-of-year discussions with the Clean Water Branch indicated that this money will be spent on the CWA database, the Water Pollution Control database, and implementing requirements associated with the NPDES electronic reporting rule. However, there isn't a timeline in the workplan for spending these funds. HDOH needs to define its timeline for expending these ULOs on the planned database projects.

For year two of the five-year grant, Clean Water Branch and Safe Drinking Water Branch continued to combine the groundwater protection workplan with the surface water protection workplan so GW106 funds could be awarded with SW106 funds, which allows for a more efficient awarding process (i.e., one grant action as opposed to two) and promotes coordination between the two Branches.

B. NPDES Permitting

HDOH's Engineering Section, within the Clean Water Branch, implements Section 402 of the CWA in Hawai'i. HDOH issues approximately 83 individual and general NPDES permits for wastewater and stormwater discharges across the state.

Program Performance

In FFY21, Hawai'i NPDES staff continued to maintain current NPDES permits by reissuing 7 permits, exceeding their permit issuance plan for the year and achieving 100% current for major permits. Hawai'i also completed two major permit modifications. Hawai'i was 87% current overall on NPDES permits, as summarized in the table below.

FFY21 % Permits Current			
Permit Type	#issued/ #planned issuance	# Current / Total EOY FFY21	% Current EOY FFY21
Majors	2/1	15/15	100% ¹
Minors	5/5	44/53 ²	83%
Phase I MS4s	0/0	2/2	100%
General Permits	0/0	11/13	85%
Total	7/6	72/83 ³	87% ⁴

¹ Not all permit conditions effective due to contested status for one existing and two new permits.

² Total minors includes individual small MS4 permits.

³ Total does not include NOIs for CGP.

⁴ Workplan commitment is 90%.

HDOH made progress toward reissuing the long-expired Industrial General Permit/Appendix B and Small MS4 General Permit/Appendix K, expired since 2017 and 2016 respectively. These important general permits authorize discharges from approximately 200 permittees. HDOH completed permit preparations, public notices, public hearings, and made progress on state rulemaking. HDOH's next step is to submit the general permits to the Governor's office for final approval and signature.

EPA provided comments on pre-drafts and during the public notice periods to improve overall quality, such as, enhancing the state's draft MSGP to more closely mirror EPA's (2016) MSGP and improving descriptive requirements for the two-step public notification process for the state's draft Small MS4 permit. HDOH addressed most of EPA's comments and made appropriate revisions. As discussed during the FFY20 End-of-Year meeting and during the FFY21 Mid-year Meeting, EPA included a grant condition in the FFY22 CWA 106 workplan to require reissuance of these permits by July 12, 2022.

HDOH also proposed several significant revisions to state NPDES rules (HAR-55) in FFY21. HDOH matched federal regulations by adding provisions for a two-step process for public notification and comments on MS4 permits. HDOH also modified the requirement for permit application submittals to occur 360 days prior to expiration date, which will allow more time for permit writers to complete renewals prior to expiration date. HDOH's zone of mixing policy and

intake provisions were moved from Hawai'i's water quality standard rules (HAR 11-54) into the NPDES rules. These NPDES rules were approved and signed by Governor on October 12, 2021.

EPA found that HDOH permits are generally of high quality and only required enhanced factsheet rationale. HDOH usually addressed all EPA comments on pre-draft permits. HDOH reached out early to consult with EPA on technical permitting issues and provided EPA with proper preliminary draft permit review time consistent with our MOA. In FFY21, HDOH staff utilized EPA's on-line training materials for NPDES permit writers and Water Quality Standards academy.

Financial Performance

NPDES permit development is funded by both federal CWA 106 grant funds as well as the state and permitting fees.

C. Water Quality Standards

This report is EPA's assessment of the HDOH Monitoring and Assessment Program's performance over the period October 1, 2020 through September 30, 2021. This work is supported by CWA 106, CWA 106 Monitoring Initiative, and CWA 406 BEACH grants. The assessment was based on commitments in grant workplans, progress reports, project reports, financial reports, mid-year review, and communications during program conference calls. CWA Section 303(c) requires that states, from time to time, but at least once every three years, hold public hearings to review applicable Water Quality Standards (WQS) and, as appropriate, determine if new or revised WQS are necessary to protect beneficial uses.

Program Performance

HDOH made good progress on revising its water quality standards this past year. The Clean Water Branch held a public hearing on its proposed amendments to HAR 11-54 (Water Quality Standards), revised and finalized proposed changes, and submitted the rule package to the Governor for signature. The package received AG approval on October 12, 2021, and HDOH anticipates submitting to EPA in November 2021. The amendments add human health criteria for 110 pollutants, including all current EPA recommended CWA Section 304(a) human health criteria. The amendments also adopt authorizing language for Use Attainability Analysis (UAA), variances, and site-specific aquatic life criteria. In response to public comments, the Clean Water Branch removed a proposed prohibition of industrial wastewater discharges into Class AA marine waters and will reevaluate language regarding discharges into Class AA during the 2022 triennial review.

HDOH also began its 2022 triennial review process by drafting a list of proposed water quality standards changes for internal review and preliminary review by EPA.

Financial Performance

See the financial tables under CWA 106, CWA 106 MI, and BEACH sections.

D. BEACH

As part of the BEACH Act, EPA has made available to states, funding in the form of federal grants to help implement coastal recreational water monitoring and public notification programs. Beach monitoring and public notification efforts protect human health by reducing the risk to the public of contracting diseases from contaminated water. HDOH receives grant funds annually under this program.

Program Performance

HDOH monitored 100% of Tier 1 (63) beaches for bacteria pollution. Quality-assured monitoring data were uploaded to the EPA databases as required. HDOH posted beach advisories and notifications during water quality exceedances as described in its revised Beach Act Program.

Due to staff retirement, the monitoring program has a key sampling staff vacancy on Kaua'i as of April 30, 2021. HDOH currently relies on voluntary sampling by the retired individual to monitor beaches on Kaua'i resulting in limited sample collection since April 2021. HDOH is currently in the process of hiring replacement staff.

The contracting process with Windsor Solutions to upgrade HDOH's data management system has taken longer than projected and HDOH has not provided a timeline for when the work will be performed on systems used by the Clean Water Branch Monitoring section. HDOH reports that these IT system upgrades are necessary to maintain their web-based notification system and data flow to WQX. Failure to execute these upgrades will result continued delays in data uploads to EPA databases, potential problems with the beach advisory notification system, and significant ULOs. EPA expects the upcoming workplan will have clear milestones for completing these upgrades.

Financial Performance

The FFY19 grant was extended from 9/30/21 to 3/30/22. HDOH asked for this extension noting that it typically takes 3-year project periods to fully utilize annual BEACH grant allocations. The FFY20 and FFY21 grants have project period lengths of 3-years to better match Hawai'i's contracting needs and avoid routine extension requests moving forward.

The workplan funds 3-year sampling and laboratory contracts through September 2024. BEACH grants have significant ULO in the FFY19, 20, and 21 grants. In response to EPA's concerns regarding ULOs, HDOH provided EPA with a comprehensive budget detailing the timeline for spending these funds by September 2024. For example, HDOH anticipates reducing the ULO in the FFY20 grant by the end of FFY22. The existing ULOs are also linked to the delayed large contract for IT upgrades.

EPA Grant #	FFY Funds	Project Period			Grant Amount	Grant Balance (ULO) as of
[HYPERLINK m5.epa.cgipdc.net/neis/ifms_doc.resolve?Doc=GO_CU99T75801"]	18	10/01/18	-	12/31/21	\$ 313,000	\$ 41,3
CU99T94201	19	10/01/19	-	03/30/22	\$ 319,687	\$ 122,1

CU98T11401	20	10/01/20	-	09/30/23	\$ 313,207	\$ 313,207
EPA Grant #	FFY Funds	Project Period			Grant Amount	Grant Balance (ULO) as of
CU98T24701	21	10/01/21	-	09/30/24	\$ 322,891	\$ 322,891
Subtotal					\$ 1,268,785	\$ 799,500

E. Water Quality Monitoring (Monitoring Initiative)

CWA 106 Monitoring Initiative (MI) grants support state surface water probabilistic monitoring and monitoring program enhancement projects. HDOH receives CWA 106 MI Grants annually under this program. HDOH uses 106 MI grants to fund the Clean Water Branch's statewide monitoring of coastal sites for nutrients. The Clean Water Branch also works with University of Hawai'i (UH) to conduct probabilistic studies and remote sensor monitoring (PacIOOS) in target waterbodies to support TMDL development. HDOH also funds contractors to conduct studies to evaluate the performance of new methods for source tracking and pathogen monitoring.

Program Performance

HDOH met its workplan commitments for all projects funded by MI grants in FFY21:

1. The final deliverable from the USGS project "Source-Tracking Approach for Detecting and Identifying Sources of Wastewater in Waters of Hawai'i" was received and published by USGS in December 2020.
2. The nearshore coastal bacteria sampling project for the Ko'Olina Lagoons on O'ahu was completed by UH. The data were used to assess bacteria impairments for the 2020 Integrated Report (IR).
3. The Maunalua Bay nearshore and off-shore coastal chemistry probabilistic monitoring project and PacIOOS Remote Sensor Monitoring at Maunalua Bay were completed by UH. The data were used to assess nutrients impairments in Maunalua Bay for the 2020 IR and need for a TMDL.
4. A new PacIOOS contract was finalized, and three sensors were deployed to Keehi Lagoon to support possible TMDL development. A new contract for probabilistic monitoring in Keehi Lagoon is in development with UH. These data will be used to support possible TMDL development for nutrients and/or bacteria.
5. A draft of the final report from the UH Quantitative Microbial Risk Assessment (QMRA) study was received and is currently undergoing peer review. This study evaluates the use of alternative fecal indicators for site-specific recreational water quality standards.
6. Near-shore coastal chemistry monitoring is ongoing on the islands of Hawai'i, Maui, O'ahu and Kaua'i and is focusing on assessing nutrients impairments at geographically underrepresented sites for the 2022 IR. Sampling on Moloka'i and Lāna'i is suspended.

indefinitely due state-funded EHS position that was vacated on 2/1/2021. Resources were shifted to monitor more sites on O'ahu.

HDOH is not uploading nutrients monitoring data in a timely fashion to WQX. The last uploaded data available on WQX is from April 2017; the public therefore do not have access to recent data being considered by the program (e.g., for the 2020 IR). Collection of this data is supported with EPA funds and upload to WQX is a required for all grants. EPA discussed the delay with HDOH at midyear and HDOH included a workplan commitment to meet this requirement by September 30, 2022, and at least annually thereafter.

HDOH has several expired or soon-to-expire Quality Assurance Program Plans (QAPPs), which are required in order to expend federal funds for monitoring. As HDOH decided not to develop an overarching Quality Assurance Plan, individual programs are now expected to address their QAPP updates as needed. HDOH needs to develop and implement a clearer strategy for ensuring timely QAPP updates prior to plan expiration. QAPP update commitments should be included in future workplans.

Financial Performance

The FFY14/15/16/17 grant (I00T36414-4) was closed with no remaining funds. The remaining 106 MI grants have significant ULO; however, HDOH has provided EPA with a comprehensive budget detailing the timeline for spending these funds within the project periods of these grants. HDOH reported no significant delays in executing contracts and HDOH appears to be on track to fully utilize its MI funds commensurate with workplan schedules. See budget table.

EPA Grant #	FFY funds	Project Period			Grant Amount	Grant Balance (ULO) as of 10/22/21	% ULO
I 00T36420	19	10/1/19	-	09/30/22	\$ 244,369	\$ 164,804	67%
I 00T36421	20	10/1/20	-	09/30/23	\$ 254,589	\$ 254,589	100%
I 00T36422	21	10/1/21	-	09/30/24	\$ 254,589	\$ 254,589	100%
Subtotal					\$ 753,547	\$ 673,982	89%

F. Integrated Report and TMDLs

The Integrated Report (IR) combines the CWA Section 303(d) Impaired Waters List and Section 305(b) Assessment of State Waters. The IR assesses the quality and health of the state's waters every two years. Waterbodies identified on the CWA Section 303(d) Impaired Waters List are required to have a Total Maximum Daily Load (TMDL). The TMDL is a management plan for an impaired waterbody, which includes appropriate pollution control actions that when implemented will achieve water quality standards.

Program Performance

In November 2020, HDOH submitted, and EPA partially approved, the 2020 Integrated Report. EPA also added two water bodies for enterococci impairments because HDOH's assessment methodology was inconsistent with its enterococci criteria. HDOH has been working with EPA to address assessment methodology and citizen science concerns in advance of the 2022

Integrated Report. HDOH expects to submit the 2022 Integrated Report to EPA by the April 1, 2022 due date. HDOH's call for data ended on October 31, 2021.

HDOH is proceeding with the Kaelepulu nutrients TMDL and is currently negotiating a contract for the adaption of an existing Hydrologic Simulation Program model of the Kaelepulu Watershed for TMDL development. HDOH is using a City and County of Honolulu (CCH) contractor (AECOM) for modeling. HDOH understands that staff need to fully understand and be able to support the model to ensure transparent engagement with all stakeholders during the TMDL development process. HDOH estimates the TMDL will be completed approximately 6 months after the model is fully developed. EPA expects the upcoming workplan will include clear milestones to ensure timely submittal of the TMDL.

Continuous monitoring sensors have been deployed in Keehi Lagoon to support TMDL development. HDOH is working on a contract with University of Hawaii to establish a probabilistic stream sampling study for Keehi Lagoon and its main inland water sources, Moanalua and Kalihi Streams.

IV. Nonpoint Source and Infrastructure

A. Nonpoint Source Program

EPA provides CWA Section 319 funds to the HDOH Polluted Runoff Control Program (PRC) to support implementation of the State's Nonpoint Source (NPS) Management Program (SMP) Plan (*Hawai'i's Nonpoint Source Management Plan 2015-2020*). The SMP outlines an approach for reducing the impacts of NPS pollution through statewide programmatic efforts and investing in focused watershed activities to achieve specific goals for water quality improvements.

Program Performance

Program Manager: The Clean Water Branch filled the PRC Program Manager position at the start of April 2021. EPA commends the new manager's robust effort to learn the NPS Program and coordinate with associated programs both internally and externally. EPA encourages continued PRC coordination with the Monitoring and TMDL units.

SMP Plan Update: Despite Covid 19 delays, the Program completed the SMP Plan Update (2020-25). EPA approved the updated Plan on March 31, 2021. EPA lauds the Program for accomplishing this milestone while short-staffed without a manager.

State NPS Rulemaking: Hawai'i Administrative Rules (HAR), Chapter 11-56, Nonpoint Source Control were formally adopted in June 2021. EPA congratulates the Clean Water Branch on this major achievement. The Rules primarily apply to public lands, codifying most of the Coastal Nonpoint Pollution Control Program (CNPCP) management measures for agriculture, forestry, and marinas/recreational boating.

New NPS Branch: In early FFY22, the Clean Water Branch received Governor's approval for the new Surface Water Protection Branch (SWPB), also known as the new NPS Branch. The

SWPB will bring together the voluntary (PRC) and new regulatory NPS programs under one organizational unit. The approval also included six new positions to implement the new rules.

Coastal Zone Management Program – The Program received approval in May 2021 for the *New Development Management Measure*. This is another major step toward developing an approvable CNPC Program under Section 6217 of the Coastal Zone Act Reauthorization Amendments (CZARA). The final two management measures needing approval are Roads, Highways, and Bridges; and Operating Onsite Disposal Systems.

Completed Projects: Three multiyear NPS projects were completed in FFY21: the West Maui Ridge to Reef Watershed Coordinator project, the Pelekane Grazing Improvement Project, and the Waimanalo Stream Restoration and Community Outreach Project.

Load Reductions: The grant-funded multiyear NPS projects conducted during FFY21 achieved the following load reductions:

TSS (lb/yr)	Sediment (ton/yr)	Nitrogen (lb/yr)	Phosphorus (lb/yr)	Enterococcus (CFU)
42,342	1,324	9,162	7,353	2x10 ⁻⁵

Financial Performance

Current Grant Unliquidated Obligations from EPA Compass Grants Database as of November 8, 2021

Grant #	FF Y	Project Period	Grant Amount	ULO (HDOH U LO)*	% ULO	Most recent drawdown
[HYPERLINK "https://ocfosystem5.epa.cgipdc.net/neis/ifms_doc.resolve?Doc=GO_C996978715" \t "_blank"]	15	10/01/15 - 09/30/21	\$ 1,161,300	\$ 443 (\$453)	0% (0%)	7/27/2021
[HYPERLINK "https://ocfosystem5.epa.cgipdc.net/neis/ifms_doc.resolve?Doc=GO_C996978716" \t "_blank"]	16	09/30/16 - 09/30/21	\$ 1,199,000	\$ 18 (\$18)	0% (0%)	8/5/2021
[HYPERLINK "https://ocfosystem5.epa.cgipdc.net/neis/ifms_doc.resolve?Doc=GO_C996978717" \t "_blank"]	17	10/01/17 - 09/30/22	\$ 1,240,000	\$ 497,008 (\$54,201)	40% (4%)	11/5/2021
[HYPERLINK "https://ocfosystem5.epa.cgipdc.net/neis/ifms_doc.resolve?Doc=GO_C996978718" \t "_blank"]	18	10/01/18 - 09/30/23	\$ 1,226,000	\$ 631,123 (\$352)	51% (0%)	11/5/2021
<u>C9-96978719</u>	19	09/30/19 - 09/29/24	\$ 1,215,000	\$ 692,344 (\$216,548)	57% (18%)	10/28/2021
<u>C9-96978720</u>	20	9/30/20 - 9/29/25	\$ 1,265,000	\$ 827,930 (\$653,859)	65% (52%)	11/3/2021
<u>C9-96978721</u>	21	9/30/21 - 9/30/26	\$ 1,299,000	\$ 1,299,000 (\$1,299,000)	100% (100%)	New Award
Subtotal			\$8,605,300	\$3,947,866	46%	

*DOH ULOs do not include funds that have received a notice to proceed (NTP) contractual designation, i.e., these funds are considered obligated/committed/encumbered.

Unliquidated Obligations (ULOs): The Program made further strides to reduce ULOs and bottlenecks in procurement. The midyear report and monthly calls helped track spending and encumbrances for surveillance of: (1) uncommitted funds; (2) status of project contracts in the procurement process; and (3) tracking project spending across grants.

Encumbrances: With these improvements, the Program came very close to meeting the NPS grant condition to encumber funds within a year of award. All projects received NTP (see definition above) status prior to October 1, 2021 except for two that achieved NTP in November, a month after the deadline. EPA commends this achievement and encourages full and timely encumbrance in FFY22.

Request for Proposals (RFP): For the FFY22 projects, the Program started the RFP in the last quarter of FFY21 with proposals due September 2021. Selected proposals will be announced in November. The Program aims for all FFY22 projects to achieve NTP status before October 1, 2022. EPA lauds the Program for its continued practice of earlier RFPs to facilitate timely encumbrances.

B. Water Quality Planning

CWA Section 604(b) provides funding for the State of Hawai'i Department of Health (HDOH) to carry out water quality planning under CWA Sections 205(j) and 303(e). There is a required pass-through of 40% of funds to regional public comprehensive planning agencies which, in Hawai'i, are the four County governments. The CWA 604(b) annual allocation for HDOH averages \$125,000.

FFY15/16 Grant: This grant, which ended on 9/30/20, was financially closed during the first quarter of FFY21. The completed and submitted deliverables include: (1) Kauai County Biosolids Feasibility Study; (2) Maui County Alternatives to Injection Wells Study; and (3) Inter-personnel agreement (IPA) between October 2019 and February 2020.

FFY17 Grant: This grant ended on 6/30/21 and is in the process of being financially closed. The final financial status report was submitted on 11/5/21. The completed and submitted deliverables include: (1) Maui County Alternatives to Injection Wells Study (partially funded by FFY15/16 grant); (2) City and County of Honolulu (CCH) Geographic Information System (GIS) Stormwater Utility Planning Study; and (3) IPA agreement from February 2020 to June 2020.

FFY18/19 Grant: This grant ends on 9/30/22. The first project, Maui County Wastewater Infrastructure Sea Level Rise Inundation Study, is complete. Two projects are ongoing and include: (1) Keehi Lagoon TMDL development; and (2) Kaelepulu TMDL modeling and development. The final completed project is the IPA agreement between June 2020 to January 2021.

FFY20 Grant: This grant ends 9/30/23 and includes the following ongoing projects: (1) stream monitoring for Keehi Lagoon TMDL development, and (2) development of a TMDL to be determined. The CWA 604(b) TMDL development and monitoring funding decisions are made in consultation with EPA Monitoring Unit staff.

FFY21 Grant: This grant started at the beginning of FFY22: 10/1/21. During the last quarter of FFY21, HDOH released an RFP for all pass-thru funds (~\$49k) instead of dividing the funds equally amongst the four counties (~\$12k). Only Hawai'i County submitted a proposal: a planning demonstration project to test the ability of a septic system with a modified leach field that uses recyclable filtering material to reduce nutrients and improve discharged effluent quality. Initial consultation with the Wastewater Branch has indicated the results of the study will help refine the list of feasible alternative systems for cesspool conversions/upgrades.

Financial Performance

The FFY15/16 and FFY17 grants will close with zero or near-zero ULOs. The FFY 18/19 grant had drawdowns commensurate with workplan commitments. The FFY20 grant drawdowns were delayed because the IPA did not require as much funding as originally budgeted – funds will be directed to TMDL development work to be determined.

For FY22-FY26, the state 604(b) funding allocations will significantly increase due to increased SRF appropriations. EPA encourages HDOH to work now with the Counties to develop high priority planning projects in anticipation of these additional resources, potentially including projects to address cesspool conversion and wastewater system master planning needs.

Grant #	FFY \$	Project Period		Amount	ULO (11/8/21)	ULO%	Last Draw
C699939215	15/16	10/01/15	09/30/20	\$214,000	\$0	0%	12/4/20
C699939218	17	10/01/18	6/30/21	\$104,000	\$2,696	3%	7/27/21
C699939219	18/19	10/01/19	09/30/22	\$250,000	\$64,216	26%	4/29/21
C699939220	20	10/01/20	9/30/23	\$124,000	\$122,180	99%	1/14/21
C699939221	21	10/01/21	9/30/24	\$124,000	\$124,000	100%	New
TOTAL				\$816,000	\$313,092	38%	

C. Drinking Water and Clean Water State Revolving Fund Programs

The Hawai'i Clean Water State Revolving Loan Fund (CWSRF) and Drinking Water State Revolving Loan Fund (DWSRF) Grants provide capitalization funds for low interest financing wastewater, non-point source and other infrastructure improvements allowed by the CWA and low interest financing to recipients for costs associated with the planning, design and construction of eligible drinking water improvement projects and activities to protect human health allowed by the SDWA.

Program Performance

The State of Hawai'i has administered the program in general compliance with the capitalization grant agreement. All financing executed by HDOH assisted wastewater and water systems to

maintain or bring them into compliance with federal and state clean water and drinking water requirements.

CWSRF: EPA recommends that HDOH document in its Intended Use Plan (IUP) how CWSRF program activities and requirements are planned to be met in the coming year and describe the actual outcomes in the Annual Report. The source of state match should be included in the IUP. Future IUPs and Annual Reports should clearly explain Hawai'i's approach to equivalency. The Annual Report should explain the reason for changes in the final loan assistance amount for projects listed in the IUP. HDOH has agreed to implement this recommendation.

CWSRF & DWSRF:

- Historically, there has been a SRF funded position in the Administrative Services Office (ASO) to support accounting tasks associated with SRF transactions. This position has been vacant for over 2 years and the workload has been absorbed by other ASO staff. There is concern that as SRF related work increases, with the addition of new supplemental funding programs, the ASO staff will be unable to satisfactorily support the administrative needs of the two SRF programs. EPA recommends that by the end of calendar year 2021, ASO and Wastewater Branch decide to either fill the administratively assigned SRF position within ASO or reassign this position and associated ASO functions to the Wastewater Branch to support both SRF programs. The Wastewater Branch has agreed to setup a meeting with ASO to discuss the vacant SRF position and move the process forward so that the position can be filled.
- EPA has noticed the decline in the use of SRF funding by the islands except for the City and County of Honolulu and the Honolulu Board of Water Supply. The infrastructure needs of the outer islands along with less conventional needs, including the wastewater infrastructure problems on the Big Island, the emerging cesspool conversion challenges, and the forest conservation project needs we discussed with the Department of Land and Natural Resources are great and require the attention of HDOH. EPA has offered, on numerous occasions, to provide planning and communications assistance to explore better ways to connect the outer islands with SRF resources and explore how SRF resources can be used to support forest land conservation, and expanded eligibilities. Unfortunately, HDOH declined that assistance. EPA has been offering to provide direct technical assistance to states that are interested in expanding their CWSRF and/or DWSRF programs to address priority source water protection and nonpoint source needs. EPA encourages HDOH to reconsider this opportunity for technical assistance. EPA believes this assistance could aid design of cesspool conversion financing strategies and/or mechanisms to enable financial support for forest land conservation and NPS control projects. With the passage of the Bipartisan Infrastructure Law (BIL), HDOH has a once-in-a-lifetime opportunity to strengthen and rebuild Hawaii's water infrastructure. BIL, which will provide supplemental SRF funding for FFY 2022 and beyond, is a major funding resource that HDOH can effectively use to address the state's wastewater, stormwater, water quality, water recycling, and water supply needs.
- HDOH's well decommissioning project proposal was selected out of several applicants by EPA HQ to receive direct technical assistance to use its DWSRF resources for the Hawai'i multi-agency well decommissioning project. Congratulations to the Source Water Protection staff for putting this winning proposal together aimed at developing a

multi-agency strategy to decommission abandoned wells that are a potential contaminant source to groundwater, particularly where groundwater is used for drinking water.

Financial Performance

In FFY2021, Hawai'i has maintained compliance with regulations and grant terms and conditions in both programs and has been awarded all funding allotted to it.

CWSRF & DWSRF: In governmental financial statements, the management discussion, and analysis are considered required supplementary information. EPA requires this supplementary information be included along with the financial in future submissions and beginning with the submission for SFY ending June 30, 2021. HDOH has agreed to comply.

CWSRF:

- The program should be commended for its expeditious and timely use of federal funds. As of the end of FFY 2021, CWSRF only has one capitalization grant open, CS15000122, in the amount of \$12.3 million.
- As recommended by EPA, HDOH intends to revise its current cash flow model to project at least 20 years into the future along with modifications to project administrative expenses as well.

DWSRF:

- The program is showing a total of 4 open capitalization grants in the amount of \$14,385,005.59 and therefore short in adhering to the EPA policy of maintaining no more than two open capitalization grants at a time.
- The unliquidated obligations (ULOs) as a percentage of project funds is 4.1%, which is below the national average of 5.8% and reasonably acceptable. The ULOs as a percentage of set asides awarded is 34%, which is extremely high and exceeds the national average of 10.8%. HDOH needs to take action to reduce the number of ULOs for the set-asides.

Clean Water and Drinking Water SRF

Grant #	FFY	Project Period		Amount	ULO	Last Draw
CWSRF: CS15000122	2021	08/01/21	06/30/26	\$12,306,000	\$12,306,000	NEW
DWSRF: FS99986519	2018	10/01/18	06/30/23	\$11,107,000	\$40,000	06/08/21
DWSRF: FS99986520	2019	10/01/19	06/30/26	\$11,103,000	\$793,782.13	10/06/21
DWSRF: FS99986521	2020	07/01/20	06/30/25	\$11,011,000	\$2,550,223.46	10/06/21
DWSRF: FS99986522	2021	08/01/21	06/30/26	\$11,001,000	\$11,001,000	NEW
TOTAL				\$46,627,1000		

V. Drinking Water and Ground Water

A. Source Water and Ground Water Protection Programs

EPA conducted an end-of-year evaluation meeting of the FFY2021 Source Water Protection (SWP) and Ground Water Protection (GWP) Programs, administered by HDOH on November 2,

2021. HDOH is awarded federal funding, pursuant to SDWA 1452 (DWSRF set-asides) and CWA 106 to implement source water and groundwater protection program activities, respectively. HDOH has met workplan commitments for FFY 21 and continues to implement an effective SWP and GWP programs.

Program Performance

Source Water Protection Program: Five new source water assessments were completed in FFY21 for the Kahuaina Plantation, Honolulu-Windward-Pearl Harbor Hoku'ula Capital Investment, and Makena Ranch communities, impacting 800,000 persons.

Red Hill Technical Support: Support the Navy Red Hill enforcement action, provide technical advice, and participate in technical meetings.

Groundwater Protection Program: HDOH continues to undertake an investigative study to assess PFAS contamination of groundwater supplies. The QA Project Plan for this project was approved in late March 2021. Sampling for this study will begin in November 2021 and conclude in October 2022. The overall goal of the project is to quantify the PFAS contamination and to assess the potential human and aquatic species exposure risks.

The GWPP continued to provide technical support for key protection efforts for Red Hill (technical response to the Navy's Groundwater Flow Model), Upcountry Maui Nitrate Investigation, and improvements to the source water flow models.

The GWP program coordinated internally, and externally with other agencies, on cross-program tasks such as onsite sewage disposal systems. The program participated in several key public outreach and education events including the Joint Government Water Conference and the Water Financing Forum.

Financial Performance

The two grants are stand-alone grants (DW SRF 15% set-aside- FS999865 and GW CWA 106- F00939322).

EPA Grant	FFY funds	Project Period			Grant Amount	Grant Balance (ULO)	% ULO
<u>FS999865</u>	20/21	10/01/19	-	09/30/21	\$ 2,185,100	\$ 1,265,898	57.9%
<u>F00939322</u>	20/21	10/01/19	-	09/30/23	\$ 150,000	\$ 10,800	6.6%

B. Public Water System Supervision Program

The HDOH is awarded an annual PWSS grant, pursuant to SDWA 1443(a), to implement an authorized program that ensures the delivery of safe drinking water by regulated public water systems. Despite challenges due to the COVID-19 pandemic and multiple sustained vacancies in the program, the Hawai'i Safe Drinking Water Branch generally met its workplan commitments for FFY2021.

Program Performance

EPA's national Strategic Performance Measure (SPM) seeks to reduce the number of health-based violations at community water systems (CWSs) by 25% by the year 2022. HDOH continues to ensure high water system compliance rates with no new reported CWSs with health-based violations over the course of FFY2021 and zero CWSs with health-based violations by the end of FFY2021. As a result, Hawai'i also meets EPA's Long-term Performance Goal with zero CWSs with health-based violations in continuous noncompliance.

Using EPA-awarded funds authorized under the Water Infrastructure Improvements for the Nation (WIIN) Act for lead testing of drinking water at schools and childcare facilities, in collaboration with the HI Department of Education and HI Department of Human Services, HDOH achieved testing of 58 schools and 70 childcare facilities and conducted corresponding outreach in FFY21, making project information and test results publicly available on a dedicated website. The sampling found approximately 4% of taps tested had lead levels above the project action level of 15 ppb for 3 of the 4 counties. Sampling, analysis, and outreach will continue in FFY2022. Progress under this grant program far exceeds efforts undertaken by the other Region 9 states.

Safe Drinking Water Branch successfully continued to provide operator certification exams by transitioning to computer-based tests on Oahu and Maui, overcoming an obstacle faced by many other states due to COVID. Operators take the exam in a designated computer center, proctored by a designated official. Safe Drinking Water Branch continued to provide paper exams on the other islands.

Sanitary survey completions are calculated on a calendar year basis based on a rolling three-year period. SDWB was unable to meet the workplan commitment for CY2020, short by only ten water systems. Attempts to establish a virtual/remote process for at least a portion of the sanitary survey were unsuccessful. SDWB was uncertain about meeting its commitment for CY2021 due to COVID impacts, new staff, continued field staff vacancies, and a heavier CY2021 sanitary survey workload. However, as of the end of November, SDWB has completed the required number of sanitary surveys for CY2021.

Despite staffing shortage, Safe Drinking Water Branch submitted three final primacy program revision packages (Radionuclides, Arsenic, Phase II/V), complete with AG certifications, in FFY2021. EPA approved Hawai'i's program revision for the federal Radionuclides Rule, effective September 13, 2021, and is working on review of the Phase II/V and Arsenic Rule packages for approval in late FFY22.

Financial Performance

The financial performance of the PWSS program is good. While the previous PWSS grant shows a 5% ULO balance, the Safe Drinking Water Branch expects to reduce the ULO balance to 3% in the coming month. To minimize the ULO, the Safe Drinking Water Branch re-allocated funding within the grant to account for reduced travel during the pandemic and unfilled vacancies. The Safe Drinking Water Branch continues to use other sources of federal funding – the Drinking Water State Revolving Fund (DWSRF) set-asides and SRF fees – to supplement funding of the PWSS program.

Hawai'i End of Year Report for FY21

EPA Grant #	FY fun ds	Project Period		Grant Amount	Grant Balance (ULO)	% UL O
[HYPERLINK "https://ocfootsprod1.epa.gov/ords/neis/ifms_doc.resolve? Doc=GO_F00939320&condense=N" \t "_blank"]	19/ 20	10/01 /19	-09/30 /21	\$ 95 3,000	\$ 4 8,225	5%
F00939322	21/ 22	10/01 /21	-09/30 /23	\$ 49 7,000	\$ 48 4,800	98 %
Subtotal				\$ 1,45 0,000	\$ 53 3,025	37 %